



California Public Employees' Retirement System
External Affairs Branch
P.O. Box 942701
Sacramento, CA 94229-2701
TTY: (916) 795-3240
(916) 795-3991, Fax (916) 795-3507

Agenda Item 4c

April 11, 2011

TO: MEMBERS OF THE AD HOC RISK MANAGEMENT COMMITTEE

- I. SUBJECT:** Stakeholder Relations Assessment Program
- II. PROGRAM:** External Affairs Branch and the Office of Enterprise Risk Management
- III. RECOMMENDATION:** Information
- IV. ANALYSIS:**

This report will be presented orally.

In recent years, CalPERS' reputation has incurred harm due to ethical failures and portfolio performance problems. Especially in the current political and economic environment, effective working relationships with our key stakeholders are essential. CalPERS has often been forced to be reactive in part because there is currently no systematic and consistent process for gathering information regarding stakeholder relations.

The 2010-11 Business Plan includes an objective requiring that staff "enhance consistent, collaborative communication and engagement with stakeholders." This includes developing a reputational risk assessment scorecard baseline. This assessment was undertaken as a first step in improving stakeholder relations by understanding what is important to our stakeholders in order to rebuild effective working relationships with those who matter most.

Phase I: Inside-Out View

In the first phase of the program, interviews were conducted with more than 30 senior executives and all current Board members (or their representatives) to obtain their 'Inside: Out' perspective. The following stakeholder relations objectives were identified as a result:

CalPERS should be

- Respected for financial soundness
- Admired for customer service and quality of operations
- Trusted by regulators and legislators
- Committed to effective retirement and health care solutions for members and employers
- Respected as an honest broker of information and where appropriate, an effective policy advocate
- Admired as a destination employer
- Respected for ethical, energetic and 'felt' leadership
- Recognized as engaged with and responsive to stakeholders
- Respected for honoring our core values

Phase II: Outside-In View

The purpose of Phase 2 is to assess the extent to which CalPERS is achieving these stakeholder relations objectives. Phase 2 will analyze traditional and social media and utilize surveys and interviews with our key stakeholders to capture how well CalPERS is viewed in relation to the identified stakeholder relations objectives above. This will enable CalPERS to identify priorities for improvement and develop a comprehensive, proactive stakeholder relations engagement plan. This will be completed by May 1, 2011.

V. STRATEGIC PLAN:

II. Foster a work environment that values quality, respect, diversity, integrity, openness, communication and accountability.

IV. Design and develop education and communication initiatives to ensure broad member and stakeholder understanding of CalPERS' value.

VI. RESULTS/COSTS:

This assessment will provide a baseline measure of CalPERS current stakeholder relations, identify priority improvement opportunities, and become the basis for a proactive, comprehensive stakeholder relations program.

LARRY JENSEN
Chief Risk Officer
Office of Enterprise Risk Management

PATRICIA K. MACHT
Director
External Affairs Branch